

Mafube Local Municipality



Annual Report // 2008-09

Chapter 1:

1.1 Mafube Local Municipality at a Glance

Mafube Local Municipality is a category B municipality as envisaged in section 155(1) (h) of the Constitution, and was established in the year 2000 under part four of the Provincial Notice 184 of 28 December 2000.

Mafube local municipality is located within Fezile Dabi District Municipality and consists of the following four major towns: (Frankfort//Namahadi, Villiers/Qalabotjha, Cornelia/Ntswanatsatsi and Tweeling/Mafahlaneng).

Villiers, Tweeling and Cornelia are located in an area of agricultural significance and mainly provide restricted services in this regard to the surrounding rural communities and primarily accommodate farm workers migrating to these towns.

Frankfort/Namahadi remains the growth point in Mafube and plays a major role in terms of a regional service provider and industrial and commercial development and it is situated 55 km east of Heilbron and approximately 120 km south east of Sasolburg and it is a small town typically developed and serving the predominantly agricultural community.

Greater Tweeling/Mafahlaneng is located approximately 150 km east of Sasolburg and 350 km north-east of Bloemfontein and is situated adjacent to the Frankfurt/Reitz primary road. Other larger centre such as Vereeniging and Vanderbijlpark are all within 160 km from Tweeling. Primary agricultural activities include sheep and cattle farming, maize and sunflower seed production.

Villiers/Qalabotjha town area is situated on the banks of the Vaal River, adjacent to the N3 National Road between Gauteng and Durban. In relation to other major centres, the town is located 120 km from Johannesburg, 80 km from Vereeniging and 117 km from Sasolburg and is predominantly agricultural oriented where products such as maize, sunflower, wheat, grain, sorghum, meat and dairy products are produced.

Cornelia/Ntswanatsatsi is situated 40 km east of Frankfort, 160 km east of Sasolburg and 32 km south east of Villiers. The town is situated adjacent to the R103 Secondary Road between Warden and Villiers. Cornelia typically developed as a small town serving the predominant surrounding agricultural community.

In terms of population, it is estimated that this municipality consists of total population of 53 722 and a total number of 14005. This population figure represents approximately 11% of the District population estimated at 474 089, which makes the smallest municipality in the district (Statistics South Africa: Community Surveys 2007).

1.2 Municipal Manager's Accountability Statement

Honourable Mayor, Councillor Ntombela, it is my pleasure to present the Annual Report of Ngwathe Local Municipality for the financial year ***30 June 2009***.

Section 121(3)(c) of the Municipal Finance Management Act 2003, requires that the annual report of the municipality must include the annual performance report of the municipality prepared by the municipality in accordance with section 46 of Municipal Systems Act, 2000 as amended.

In line with legislative provisions, this annual report therefore seek to provide performance results against the budget of the municipality for the financial year under review, in the manner that seeks to promote accountability to the local community for the decisions made throughout the year.

The Annual Report is also understood to be an instrument for financial and performance corrective action in subsequent years.

Nakana L Masoka
Municipal Manager

Foreword by the Mayor

Vision and Mission

Mafube embraces the strategic vision to be “*a viable, developed and sustainable municipality*” and intend to achieve this by providing “... *effective, transparent governance and ensure efficient, affordable and sustainable service delivery*”, and to promote integrated development and economic growth”.

The mandate from the people in Mafube, supports the objectives of Mafube Municipality as in section 152 of the Constitution to:

- | provide democratic and accountable government for local communities;
- | ensure the provision of services to communities in a sustainable manner;
- | promote social and economic development;
- | promote a safe and healthy environment; and
- | encourage the involvement of communities and community organizations in the
- | matters of local government.

Chapter 2:

Municipal Manager's Report

As the Accounting Officer of Mafube Local Municipality, it is my pleasure to present the Annual Report of our municipality for 2008/09 financial year. As a local government institution, we are mandated by legislation to prepare an annual report for each financial year in accordance with the provisions of Municipal Finance Management Act (MFMA).

As we present this Annual Report, it is important that we do not only focus on the successes we made during the period under review, but we should also be bold enough to reflect on some of the challenges that we are facing as a municipality in our quest for improved and sustainable service delivery.

Mafube Local Municipality with all its stakeholders in the municipality therefore has an obligation to fulfill its legislative mandate. Part of the broader mandate is to impact positively in the lives of the people within our local municipality through:

- | Provision of democratic and accountable government;
- | Ensuring provision of services to communities in a sustainable manner;
- | Promotion of social and economic development;
- | Promotion of safe and healthy environment; and
- | Encouraging participation and involvement of all stakeholders in the municipality in matters of local governance services.

Pursuant to the above outlined objectives, we have in overall made significant improvements in ensuring good governance of our municipality, which we believe forms the cornerstone of well managed and sustainable institution. We have put in place mechanism and system to ensure compliance with all applicable legislations and thereby improved accountability to council and other council structures as required.

In our mid-year performance assessment report tabled to Council in January 2009, emphasized a need to achieve the integrated sustainable and equitable social and economic development of the area of jurisdiction of Mafube Local Municipality as whole.

In order to ensure realization of this goal, we have improved the effectiveness of our administration through co-ordination and re-alignment of our institutional plans and activities so as to enable us the achievement of the goals and targets as contained in our Integrated Development Plan as well as other government policy directives.

The overall success of the municipality's service delivery goes hand in hand with its success on the economic front and we are currently embarking on a number of poverty alleviation and job creation activities.

Our Key Challenges

Some of the key challenges that we have been faced with during this reporting period and probably to still to be faced in the foreseeable future are the following:

- | Institutional transformation,
- | gender equity,
- | affirmative action;
- | amalgamation of system;
- | financial reforms;
- | performance management system;
- | black economic empowerment,
- | fighting corruption,

Furthermore, the main challenges in terms of the infrastructure and services development for the municipality lies in addressing the imbalances which exist amongst the various communities, eradicating the backlog that exist and maintaining the current infrastructure. These are in the areas of housing, roads, bulk electrical networks, provision of sanitation, etc.

This therefore means that equitable development is essential to ensure that all towns that fall within Mafube Local Municipality are developed, rural areas such as Cornelia and Tweeling who are particularly poor are developed because they lag far behind the urban centre, especially in terms of levels of sanitation.

From the socio-economic front, the alarming rate of unemployment in our area, also poses a further challenge of creating a limitation to explore a range of economic and investment opportunities to boost the economy of our area. This is a tremendous task that faces all the municipal partners, service providers, education institutions, communities and business sector in Mafube LM.

Way Forward

We will continue to make improvements so that performance becomes truly entrenched in our culture. In order for Mafube Local Municipality to become a leader in service delivery and create an environment conducive for investment, it is paramount that we constantly reinvent ourselves so as to remain ahead of the challenges facing us.

Going forward, our bottom line in terms of performance is simple “***What cannot be measured cannot be considered done***”. This therefore means that full realization of our Integrated Development Planning (IDP) dictates regular measuring and monitoring of the administration.

An effective administration has enabled us to measure our progress, identify gaps and develop interventions.

Acknowledgements

I would like to thank our municipal council, the Mayor, the Speaker for their support and unwavering political leadership.

I would also like to thank the senior managers and all their staff members in their respective departments for their ongoing support, dedication and commitment. It is through their determination to serve our communities

well that we are able to say despite the challenges that are there, we pride ourselves of our achievements and commitment in our endeavor to improve the lives of communities in our municipality.

Lastly, I thank Ward Committees, Community Development Workers, Municipal Volunteers and all the communities within the Mafube Local Municipality for their participation and engagement in issues pertaining to local government; it is only through their robust and constructive engagements in all aspects of our work that we will be able to serve them well.

Chapter 3:

2.1 Council's Report

2.1.1 Composition of Mafube Local Municipality's Council

Mafube Local Municipality is an executive type system of governance. According to this system of governance, the decision making powers are vested in the municipal council. The council in turn delegates some of the powers to the Mayor working together with the Executive Committee decided by Council.

2.1.2 Names of Councillors and Political Parties they represent

NAME	WARD
HLONGWANE. JABULANE. JAN	ANC. 2
KANONO. CHARLES	ANC. 5. (PR)
KUBHEKA. LUCKY. SIMON	ANC. 9
MEMEZA. MTHOKOZISI. PASCO	ANC. 3
MFENE. DANIEL	ANC. 7
MOKOENA. MALEFU. SELINAH	ANC. PR
MOLOI. MAHLALE. JACKSON	ANC. 6
MOLOI. MILDRED	ANC. PR
MOSIA. MADISE. ANDRIES	ANC. 4
NTOMBELA. LOUIS. MADALA. DAVID	ANC. 8
PELSER. WILLEM PIETER JACOBUS	DA
SEKHOTO. MALESELI. SARIA	ANC
SIGASA. JABULANE. ELLIOT	ANC. 1
SKOSANA. EDWARD. MELELI	ANC. PR
TSHABALALA. JABULANE. PATRIC	PAC. PR
TSHABALALA. DINA	ANC. 5
WESTHUIZEN. PIETER. DANIEL	FF. PR

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2.2. Political Governance

In the period under review, the following governance structure was in place which provided political direction for the municipality.

- the Council;
- the Mayor;
- the Executive Committee;
- (Section 79 Committees) - Committees set up in terms of Section 79 of the Municipal Structures Act –
- (Section 80 Committees) - Committees set up in terms of Section 80 of the MSA

2.3 Council Meetings Held

During this financial year, the council held six (6) meetings as follows:

1st Half of the year (June – December 2008)

DATE		NATURE OF A MEETING
04 July 2008	–	Special
31 July 2008	–	Ordinary
28 August 2008	–	
25 September 2008	–	
30 September 2008	–	

2nd Half of the year (June – December 2008)

DATE		NATURE OF A MEETING
9 May 2009	–	Special

2.4 Remuneration of Councillors

During the period under review, all councillors were remunerated in accordance with the determination of upper limit of the annual remunerations of councillors by the Minister of Cooperative Governance and Traditional Affairs.

The total remuneration cost and other remuneration benefits of councillors for the period amounted to R 5, 5 million.

2.1 Members of the Council

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<div>Picture to follow</div>	<div><i>Speaker: Councillors</i></div>			<div>Picture to follow</div>
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Chapter 4:

Overview of Finance Department

4.1 Objectives of Finance Department

Our Finance Department operates within the framework of Municipal Finance Management Act (MFMA) and other applicable legislation to local government. The department's core objective therefore, is to secure sound and sustainable management of the financial affairs of municipality and to ensure that the resources of the municipality are used effectively, efficiently and economically.

4.2 Competency areas for finance department

Our finance department is strategically segmented into different operational units as detailed hereunder. These operational units form our competency areas and within these competency areas, various duties and functions are performed. These are:

- | Supply Chain Management;
- | Revenue Management;
- | Expenditure Management; and
- | Budget Management.

Some of the key duties and functions performed are:

- | Fixed Assets Management
- | Demand , Acquisition and Disposal Management
- | Revenue Management,
- | Debt Collection and Credit Control;
- | Customer Care Services
- | Creditors Management;
- | Payroll Services; and
- | Budget Serviced.

4.3 Supply Chain Management

Our Supply Chain Management system is the engine house for all the procurement processes of our municipality. During the period under review, we attempted to ensure that all demands for procurement of goods and services by various departments within the municipality were handled in terms of our approved Supply Chain Management Policy.

In line with our Supply Chain Management Policy, preferential policy objectives identified for specific procurement, were met.

For the period under review, there were no disputes, objections, complaints or queries received for the period with regard to procurement contracts secured by the municipality and there were no reported incidents of irregular conduct in the SCM system.

4.4 Revenue Management

4.1.1 Billing

During the period under review, all consumer services rendered were billed accordingly, and these include Water, Electricity, Sanitation services, and Rates and Taxes.

The total number of consumer accounts billed for the period for different categories of consumers is as follows:

Category	Accounts Billed per Month	Annual Equivalent (Estimated)
Business	20,569	246,828
Residential	514	6168
Government	131	131

4.1.2 Consumer Debtors' Accounts

As at the end of this reporting period, the municipality's consumer debtors amounted to a gross balance of R 67.4 million. 74% of this debt has high prospects of recoverability and is provided for as Bad Debts.

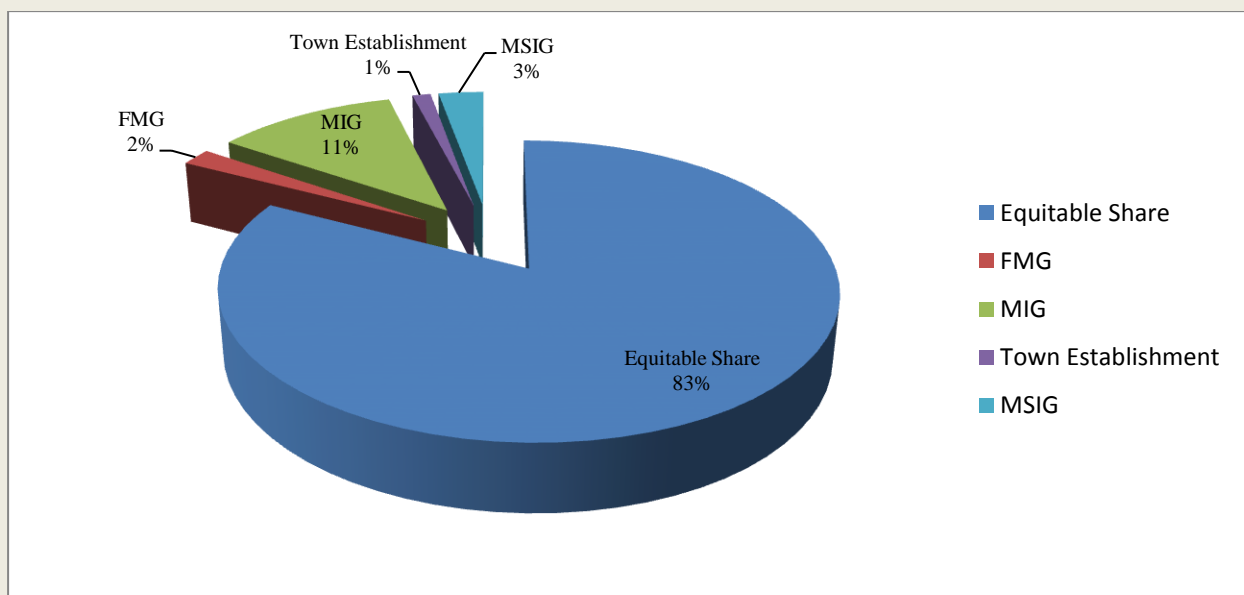
Of the gross debtors' amount, the bigger proportion, i.e 45,7% relates to Sanitation Accounts (Refuse Removal and Sewerage) followed by Water Accounts at 38.3%.

4.1.3 Revenue Collection

For the period under review, the municipality continued to experience even lower revenue collection. As at the end of this reporting period, we realized collection of R 35,9 million from own generated revenue. 92% of this revenue relates to income for consumer services and the remaining 8% pertains to income from lease of municipal facilities and equipment, interest on investments, interest earned on outstanding debtors, etc.

4.1.3 Government Grants and Subsidies

As at the end of this reporting period, the municipality received grants and subsidies to the amount R 25, 9 million in terms of Annual Division of Revenue Act. The proportional percentages of these grants and subsidies are shown in the chart hereunder as follows:



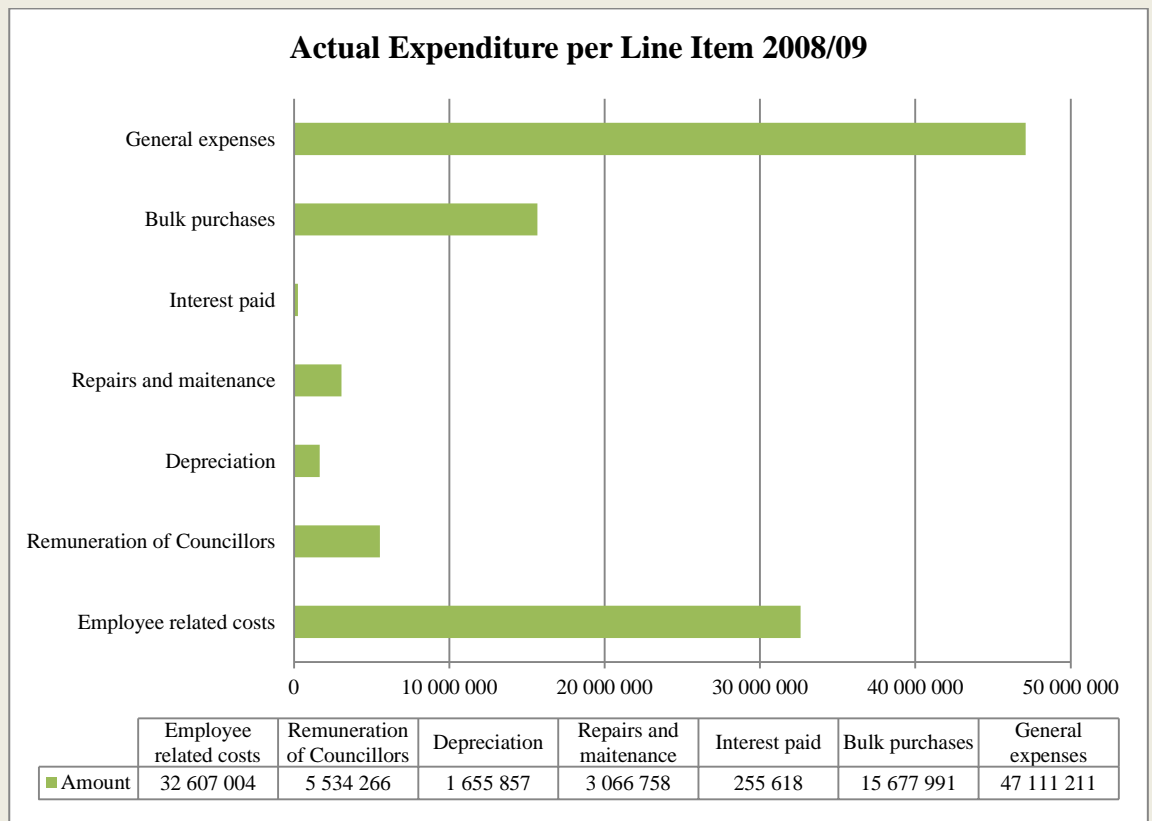
4.5 Expenditure Management

Our overall strategy in relation to expenditure management was to ensure that expenditure in relation to operating and capital needs was kept within the limits of the approved budget.

However, a combination of low revenue collections and increasing commodities prices poses serious challenge in ensuring that all our creditors and suppliers were paid as and when due and in line with our approved Supply Chain Management policy.

Our major single operating expenditure line item for the period was employee related cost at R 32, 6 million, which constituted 30,7% of our total operating expenditure for the period.

The actual expenditure incurred for the period is presented hereunder per line item.



4.6 Budget Management

One of the critical components of budget management that we have adhered to, as required by legislation, was to ensure that we reported constantly and continuously to the National and Free State Provincial Treasuries on the implementation of the budget for the current year.

All the monthly budget statements for the year were submitted to the Mayor and to the National and Free State Provincial Treasuries.

Moreover, we have submitted all quarterly budget statements to the council, reflecting expenditure incurred and income collected per quarter respectively.

Chapter 5:

Overview of Corporate Services Department

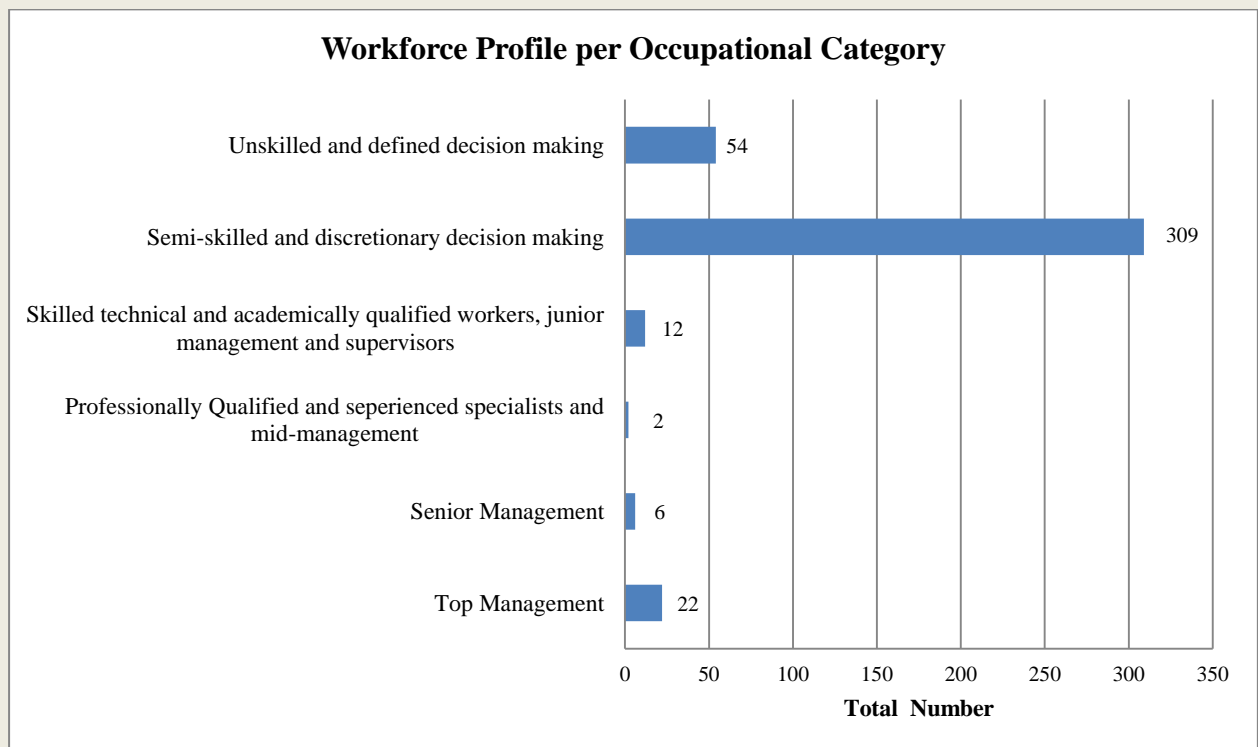
Our municipality's Corporate Services Department's objective is to ensure recruitment of skilled and competent employees; information and records management, promotion of sound labour relations, provision of legal services, and provision of administrative support.

5.1 Workforce Profile

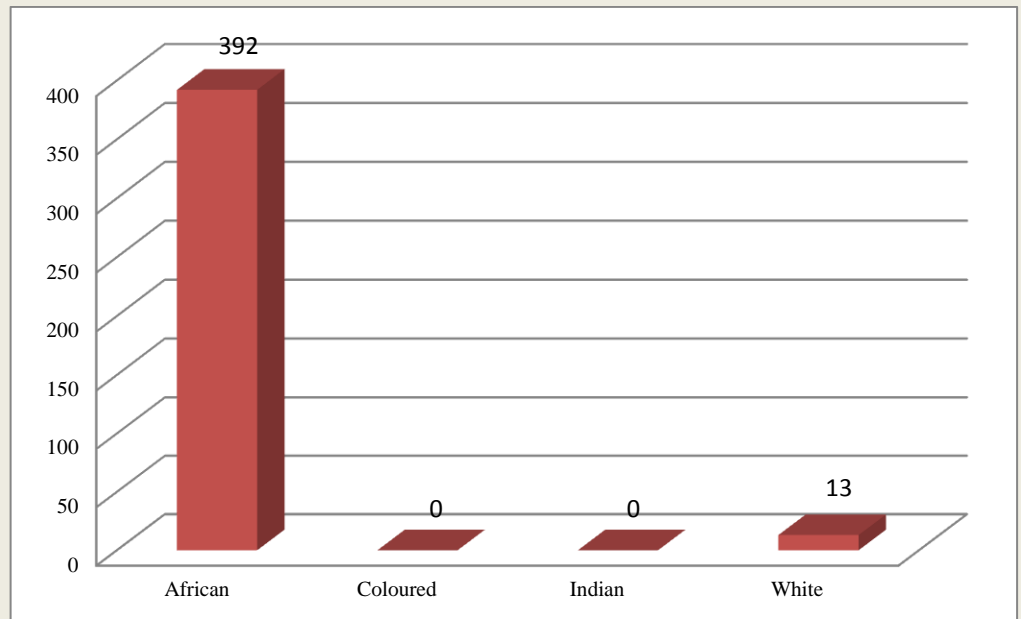
As at the end of this period, our municipality boasted of a staff compliment of 405 permanent employees and 8 temporary, 295 of whom are women and 118 female.

These employees are employed at different occupational levels ranging from top management to ordinary workers.

Our permanent workforce profile per occupational category is presented in the chart hereunder as follows:



5.2 Workforce Profile per Race Group



5.3 Employment Terminations

The table hereunder provides analysis of types of employment terminations per race group for the period:

RESIGNATIONS

African	-	11
Whites	-	2

DISMISSALS (misconduct)

African	-	2
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RETIREMENT

African	-	1
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DEATH

African	-	9
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Chapter 6:

Overview of Technical Services Department

6.1 Municipal Infrastructure Grant (MIG) Report

Introduction

This report covers the progress made in the implementation of Municipal Infrastructure Grant (MIG) projects in Mafube Local Municipality in 2008-2009 financial year.

It also evaluates the different activities which form part of the implementation process, as well as the outcomes and achievements of the programme.

MIG Programme History

Mafube Local Municipality utilises the MIG Grants to install basic water, sanitation, roads and stormwater services.

All projects are identified through the IDP process in which community participation plays a major role.

Discussions are held between officials and Ward Councillors to prioritise the requests of the community.

Project Concept and Duration of Programme

Mafube LM registered multi-year projects at MIG in two main categories, Water & Sanitation and Roads & Stormwater. Most of projects extend over two year period, 2006/07/08/09/10/11. The projects include the following:

Project Description	MIG Allocation	Progress as at 30 June 2009	Challenges as at 30 June 2009
Mafube Regional Water Purification Plant in Frankfort (2006/07/08),	R 12 938 736.21	now completed	the security fence is still outstanding
Villiers' New Water Purification Plant (2008/09/10/11),	R13 224 000.00	at Tender Stage	None
Namahadi (Frankfort):Roads and Stormwater Channels Upgrading (2008/09/10),	R11 222 160.00	at Construction Stage	None
Mafahlaneng (Tweeling): Roads and Stormwater Channels Upgrading (2009/10),	R5 034 240.00	at Design & Tender Stage	None

The Bucket Eradication projects have been on-going as new sites are being proclaimed as townships and the upgrading of these townships to have basic but acceptable standard of service delivery.

Amount allocated for the past three years

The following table indicates the allocated amounts and the spending for the past three years:

ITEM	PERIOD		
	2006/07	2007/08	2008/09
Approved budget amount	R 13 825 860.00	R 15 719 330.17	R 11 322 727.38
Spent budget amount	R 13 825 860.00	R 15 719 330.17	R 8 042 000.00 ^a
Difference	0	0	R 3 280 727.38

a- The year was extended to 30/06/2009 and R 3 280 737.38 was MIG funds stopped from being transferred to Mafube LM.

Mafube LM failed to spend the allocated MIG funds in the 2008/09 financial year, even though some of the projects extended into the next financial year without change in MIG allocation.

Major challenges with MIG since onset

Although we have successfully performed the implementation of MIG projects up to date, the following challenges have been prevalent since inception of the MIG:

- | Tediuous and lengthy process of approval of MIG registration forms and technical reports by DWAF and other related government departments.
- | The non-performance and/or under-performance of some consultants and some contractors, which led to insufficient spending of the MIG Allocation of 2008/09 Financial Year.
- | Non-timeous payment of some payment certificates by the municipality.
- | Reporting on the progress of the MIG projects has to be done on a monthly basis to DPLG. It was a challenge to gather all the information from the consultants and contractors to be able to compile the required reports.
- | Mafube LM is to start to use the MIS and the challenge is the setting up of the PMU.
- | Coordination with DOL regarding funding and timeframes to provide the required training on MIG projects is still a challenge to be attended to. It is recommended that the funding for training be allocated directly to Mafube LM, which will make it easier for the training to be taken place within the timeframes of the different contracts.

Outcomes and Outputs SET for 2008/09

The table hereunder provides a set of key outcomes and outputs that were set for 2008/09 financial year in relation to MIG utilization.

With these planned outputs, the objective was to improve service delivery to the community and the actual programmes' outcomes and outputs of did contribute in a great extend to achieving the set objective.

<i>Outcome / Output 1:</i>	To provide basic water, sanitation, roads and stormwater services for the budgeted MIG amount of R 11 322 727.38.
<i>Outcome / Output 2:</i>	To succeed in the process of job creation and skills development according to the requirements set by Government.

ACTUAL Outcomes and Outputs for 2008/09

A total of 7 consultants and 10 main contractors were appointed to implement the 2008/09 projects and the actual spending on the MIG projects for the 2008/09 financial year was R 12 321 727.38, counter funding included. 71% of the MIG allocation (R 8 042 000.00) was spent by 30 June 2009.

Training 2008/09

The following are the training outcomes for 2008/09:

Accredited training	N/A
Non-accredited training	23 people
PHAST training	1 035 households

Job Creation 2008/09

The following table indicates the job creation achieved for 2008/09 through the implementation of the projects:

Category	Number of Jobs Created
Adult Men	7
Adult Women	31
Youth Male	58
Disabled Men	0
Disabled Women	0
Total	96

The only gaps between planned and actual outcomes were the cutting down on some projects as a result of over spending and the exceeding of the planned timeframes in some cases.

Risk Assessment and Monitoring

The following risks were identified in relation to the projects for the period under review and were monitored accordingly:

- | The dealing with emerging consultants, contractors and supervisors.
- | The financial status of some contractors became a risk during the construction phase.

Key Milestones in Relation to Projects Implementation for the Period under Review

The following are some of the main successes of the projects for this reporting period:

-
- | The spending of 71% of the Total MIG allocation,
 - | The successful creation of emerging contractors,
 - | The successful implementation of job creation and skills development,
 - | The provision of basic services to the community.
-

Key Challenges Encountered in Relation to Projects Implementation for the Period under Review

The main challenges of the projects include the following:

-
- | The requirement of stricter quality control in some projects,
 - | The exceeding of the timeframes by most contractors,
 - | The failure to spend 29% of the Total MIG Allocation for 2008/09 financial year.
-

Remedial Action-Plan for Effective Projects Implementation

Projects design

Projects must be identified in time and sufficient timeframes must be set available for each activity.

This may enhance proper planning, preparation and implementation.

Projects monitoring

Consultants must be motivated to give high priority to monitoring and to provide accurate project data and feedback, to enable Mafube LM officials to do proper evaluation of the projects during the construction phase.

Projects management

Communication to all stakeholders must take place on a regular basis.

Quality and budget control must be attended to consistently.

Early identification and solving of major problems is essential.

Chapter 7:

Overview of Social Services Department

The Social Services Department is responsible for the following key performance areas:

Waste Management;
Parks and Cemeteries;
Refuse Removal; and
Sports facilities and auctioneering kraal.

7.1 Waste Management

During the period under review, Fezile Dabi District Municipality assisted us to acquire the services of a professional consultant to draft our Waste Management Plan. Although the plan set a clear tone for compliance requirement and possible enforcement measures in this regard, most businesses in are not co-operative in adhering to the legally permitted dumping practices.

In order to preserve our environment from illegal dumping practices, illegal dumping sites in Tweeling and Cornelia are cleaned on a weekly basis, Namahadi three times a month, and Qalabotjha twice a month. All our landfill sites were also maintained at least once a week.

7.2 Cemeteries

During the year, we undertook a fencing project of Qalabotjha cemetery; unfortunately this project had to be put on halt due to insufficient funds.

Trees were planted in Namahadi as part of upgrading of cemeteries. Regular maintenance and grass cutting was done in all cemeteries throughout the year.

7.3 Parks and Recreation

The upgrading of Waterpark facilities was planned for in this financial year and is due to commence in 2009/10 financial year. As part of our programme to upgrade our parks and recreational facilities, we were able to undertake and complete the following upgrading projects:

- | A park next to the entrance of Namahadi was upgraded and trees planted.
- | A park in Ward 6 was also upgraded with recreational facilities and trees planted.
- | Trees were planted at Villiers and Tweeling parks.
- | Pillars and gates at Frankfort park were painted.

However, shortage of proper maintenance equipment creates a challenge of ensuring optimal and efficient maintenance of our parks and recreational facilities.

7.4 Auction Kraals

Auction kraals in Frankfort were upgraded during the year. At Villiers a study was done for repairing of the kraals.

7.5 Library Services

For the first six months of this reporting period, there has been an increase in libraries membership in all five libraries within our area. This trend is a direct result of our strategy to encourage schools and crèches to visit our libraries and encourage learners to read.

The proportional increase per library is summarized as follows:

Library	Numerical membership increase	Percentage Increase
Namahadi	2634 to 2745	4%
Tweeling	383 to 445	16%
Frankfort	1049 to 1123	7%
Villiers	2780 to 2803	0.8%
Cornelia	151 to 167	11%

7.5.1 Namahadi Library

Namahadi library was the first library in our area to be computerized. Four computers were installed with printing and photocopying facilities. Three of these computers and one printer are for general use by the public, and the photocopier is for both the general public and official use.

7.5.2 Tweeling Library

Tweeling library was computerized in November 2008. Here as well, four computers were installed with printing and photocopying facilities. Three of these computers and one printer are for general use by the public, and the photocopier is for both the general public and official use.

7.5.3 Cornelia Library

Cornelia library was computerized between November 2008 and December 2008, with the same number and standard of equipments and utilization procedures as in Cornelia and Tweeling.

7.5 Protection Services

During the year under review, one female traffic officer was appointed and four traffic trainees undergone traffic training in Welkom. Three traffic officer's positions remained vacant.

27 Road signs were installed in Frankfort, 2 in Cornelia, and 5 in Tweeling.

On key challenge in this unit is shortage of office space and appropriate equipment.

7.6 Disaster Management

Our Disaster Management unit is well equipped and fire fighters are available from external service provider. During the year, no major disaster incidents were occurred.

Chapter 8:

Audited Annual Financial Statements

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

Councillor	LMD Ntombela	Mayor, Exco. Chairperson
Councillor	TM Moloji	Speaker
Councillor	WPJ Pelser	Exco Member
Councillor	JE Sigasa	Exco Member

GRADING OF LOCAL AUTHORITY

GRADE FIVE (5)

AUDITORS

OFFICE OF THE AUDITOR-GENERAL

BANKERS

ABSA BANK

REGISTERED OFFICE

JJ Hadebe 64

FRANKFORT

9830

TELEPHONE

058 813 1051

GENERAL INFORMATION (Continued)

MUNICIPAL MANAGER

Mr NAKANA L MASOKA

CHIEF FINANCIAL OFFICER

Mr NA HLUBI

MEMBERS OF THE MAFUBE MINICIPAL COUNCIL

Cllr LMD Ntombela

Cllr TM Moloi

Cllr WPJ Pelser

Cllr JE Sigasa

Cllr JJ Hlongwane

Cllr KC Kanono

Cllr LS Kubeka

Cllr MP Memeza

Cllr D Mfene

Cllr MS Mokoena

Cllr MJ Moloi

Cllr MA Mosia

Cllr MM Sekhoto

Cllr EM Skosana

Cllr D Tshabalala

Cllr PJ Tshabalala

Cllr PD Van der Westhuizen

MAYOR LMD Ntombela

APPROVAL OF FINANCIAL STATEMENTS

The annual Financial Statements set out on page 01 to 37 were approved by the Municipal Manager on the 09TH of September 2009 and presented to and approved by Council on _____ 2009.

MUNICIPAL MANAGER

CHIEF FINANCIAL OFFICER

**MAFUBE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1 BASIS OF PRESENTATION

1.1 These financial statements have been prepared in accordance with Generally Recognised Accounting Practice issued by the Accounting Standards Board in accordance with Sections 122 (1)(a and b) of the Municipal Finance Management Act (No 56 of 2003).

1.2 The Financial Statements have been prepared on the historical cost basis.

2 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). The proceeds of erven sold were allocated to the Erven Trust Fund. The funds from 1 are transferred from Erven Trust Fund to Housing Development Fund with the implementation of GAMAP. Moneys standing credit to the Fund can be used for the acquisition, planning and surveying of land.

3 RESERVES

3.1 Asset Financing Reserve (AFR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the unappropriated surplus to the AFR. A corresponding amount is transferred to an AFR investment account designated. The cash in the designated AFR investment can be utilized only to finance items of property, plant and equipment but if utilized for any other purpose, the AFR is reduced by a corresponding amount.

The amount transferred to the AFR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

3.2 Future Depreciation Reserves: AFR

When items of property, plant and equipment are financed using the AFR cash resources, a corresponding transfer is made from the AFR to a Future Depreciation Reserve. When such items of property, plant and equipment are depreciated, a transfer is made from the Future Depreciation Reserve to the unappropriated surplus. The purpose of this policy is to promote community equity through the elimination of duplicate charges to community wealth.

When an item of property, plant and equipment financed from the AFR is disposed, the balance in the Future Depreciation Reserve relating to such item is transferred to the unappropriated surplus.

3.3 Future Depreciation Reserves: Government Grants, Public Contributions and Donations

When items of property, plant and equipment are financed from government grants, public contributions and donations, a corresponding transfer is made from the unappropriated surplus to a Future Depreciation Reserve. When such items of property, plant and equipment are depreciated, a transfer is made from the Future Depreciation Reserve to unappropriated surpluses. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment.

When an item of property, plant and equipment financed from government grants, public contributions or donations is disposed, the balance in the Future Depreciation Reserve relating to such item is transferred to the unappropriated surplus.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below.

4.2 Land is not depreciated as it is deemed to have an indefinite life.

4.3 Major improvements to property, plant and equipment are capitalized if the subsequent expenditure improves the condition of asset beyond its originally assessed Standard of performance. Maintenance and repairs are expensed when incurred.

4.4 Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	Years	Other	Years
<i>Infrastructure</i>			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	7
Sewerage	15-20	Furniture and fittings	5
Housing	30	Watercraft	15
		Bins and containers	5
<i>Community</i>		Specialised plant and equipm.	10
Improvements	30	Other items of plant & equipm	3
Recreational Facilities	20-30		
Security	5		
<i>Investment Properties</i>	30		

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

5 REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at depreciated replacement values less accumulated depreciation since the date of revaluation and are revalued every four years by an independent valuator. No revaluation was done yet. The revaluation surplus is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the unappropriated surplus while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial performance.

6 INVESTMENTS

Investments are stated at cost, less impairments adjustments.

Where investments have been impaired, this is recognized as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

7 INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realizable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the original purchase price.

8 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

9 RETIREMENT BENEFITS

The municipality provides retirement benefits for its permanent employees. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

10 REVENUE RECOGNITION

10.1 Revenue from rates is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Interest on unpaid rates is recognized on a time proportion basis.

10.2 Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognized as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognized at the point of sale and not when prepaid electricity is consumed.

- 10.3 Revenue from the sale of goods is recognized when the risk is passed to the consumer.
- 10.4 Revenue arising from the application of the approved tariff of charges is generally recognized when the relevant service is rendered.
- 10.5 Interest and rentals are recognized on a time proportion basis.
- 10.6 Revenue from spot fines is recognized when payment is received, and the revenue from the issuing of summonses is only recognized when collected.
- 10.7 Government grants are recognized as revenue when all conditions associated with the grant have been met. Where grants have been received but the municipality has not met the condition, a liability is raised.
- 10.8 Amounts received from government and donors for the purpose of acquiring items of property, plant and equipment are also recognized a revenue in terms of paragraph 3.3 above.

11 SEGMENTAL INFORMATION

Segmental information on Property, Plant and Equipment as well as income and expenditure is set out in Appendices C and D based on the municipality's organizational structure and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

12 PROVISIONS

Provisions are recognized when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to Council.

13 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

**TREASURERS' REPORT TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1. THE CHALLENGE OF CHANGE

It has been a very challenging year for the Mafube Local Municipality, especially in regard to changes in accounting norms and standards and conversion of standards from IMFO to GAMAP/GRAP.

The staff has had a very challenging year especially with the following key post been vacant for most of the year under review:

- Director: Human Settlement

It is commendable that in my opinion as municipal manager the management team has excelled in ensuring that the Mafube Local Municipality has delivered services to the community under very trying circumstances. The results for the year under review are set out as follows.

2. FINANCIAL STATEMENT RATIOS

	2009	2008
	R	R
Personnel Costs	31%	44%
Remuneration of Councillors	5%	5%
Depreciation	2%	0%
Repairs And Maintenance	3%	5%
Bulk Purchases: Electricity	15%	23%
General Expenses	45%	23%
Contracted Services	0%	0%
Grants and Subsidies paid	0%	0%
Total Expenses	100%	100%

3. POST BALANCE SHEET EVENTS

Nil

4. RECONCILIATION OF BUDGET TO ACTUAL RESULTS

Operating Budget

Budget Deficit Before Appropriation	R
Revenue Variance	9,749,133.0
<i>Expense Variance</i>	-40,320,387.0
Personnel Costs	32,607,004.0
Councillors' Remuneration	5,534,266.0
General Expenses	47,111,211.0
Electricity Purchases	-15,677,991.0
Repairs and Maintenance	3,066,758.0
Depreciation	-1,655,589.0
Contracted Services	-
Contribution to Doubtful Debt	-
Actual Surplus Before Appropriation	40,414,405

The positive revenue variances are explained in annexure "EI" to the financial statements

Major variations from the expenditure budget are explained in annexure "E 1" to the financial statements.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Speaker, Executive Committee Councillors and Councillors in general, The Municipal Manager, Director Corporate Service, Director Community Services, Director Technical Services and staff in general, our financial consultant MNK Accounting and Tax Services and in particular to the local representatives of the Auditor General for their support and willingness to go the extra mile during the 2008/2009 financial year, which proved to be a very difficult year for all.

NA Hlubi

Chief Financial Officer

**MAFUBE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		186,265,618	207,165,389
Housing Development Fund	1		
Capital Replacement Reserve		6,721,622	8,203,158
Capitalisation Reserve		2,380,323	2,644,803
Government Grant Reserve		174,777,871	173,703,042
Accumulated surplus/(Deficit)		2,385,802	22,614,386
Non current liabilities		1,791,610	-
Long-term liabilities	2	1,791,610	-
Non-current provisions	3	-	-
Current liabilities		47,221,556	47,891,972
Consumer deposits	4	940,227	884,598
Provisions	5	-	-
Creditors	6	15,453,873	37,294,324
Unspent conditional grants and receipts	7	20,454,161	256,000
Value Added Tax	8	-	-
Short term loan	9	-	-
Bank overdraft	18	10,238,846	9,457,050
Current portion of long term liabilities	2	134,449	-
Total Net Assets and Liabilities		235,278,784	255,057,361
ASSETS			
Non current assets		208,724,851	198,576,330
Property, plant and equipment	10	208,542,470	198,443,127
Investment property	11	-	-
Investments	12	182,381	133,203
Long term receivables	13	-	-
Current assets		26,553,933	56,481,031
Inventory	14	277,727	734,711
Consumer debtors	15	17,432,576	53,188,779
Other debtors	16	8,704,158	1,005,010
Current portion of long term debtors	13	-	-
Call investment deposits	17	130,059	84,149
Bank balances and cash	18	9,413	1,468,382
Total Assets		235,278,784	255,057,361

MAFUBE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

Budget			NOTE	Actual	
2008	2009			2009	2008
		REVENUE			
3,213,557	3,926,000	Property rates	19	4,186,509	4,768,863
-	-	Property rates - penalties imposed and collection charges		2,091,938	-
34,647,514	27,870,444	Service Charges	20	27,067,014	16,859,880
-	471,500	Rental of facilities and equipments		1,160,235	430,836
-	600,000	Interest earned - external investments		96,088	487,872
-	-	Interest earned - outstanding debtors		90,117	1,048,581
-	140,000	Fines		140,772	131,660
-	-	Licences and permits		116,563	-
-	-	Income for agency services		-	-
38,404,000	50,051,469	Government grants and subsidies	21	49,198,433	44,943,000
-	42,269,908	Other income	22	910,442	445,415
-	-	Public contributions, donated and contributed property, plant and equipment		-	-
-	-	Gain on disposal of property, plant and equipment		-	-
76,265,071	125,329,321	Total Revenue		85,058,111	69,116,107
		EXPENDITURE			
27,206,313	37,272,122	Employee related costs	23	32,607,004	27,135,173
-	3,709,654	Remuneration of Councillors	24	5,534,266	3,041,225
-	-	Bad debts		-	-
-	-	Collection costs		-	-
-	-	Depreciation		1,655,857	-
4,134,304	3,322,000	Repairs and maintenance		3,066,758	2,912,218
-	-	Interest paid	25	255,618	28,529
15,300,000	30,960,000	Bulk purchases	26	15,677,991	14,388,562
25,502,802	24,137,000	contracted services		-	-
-	-	Grants and subsidies paid	27	-	-
13,542,088	35,677,678	General expenses	28	47,111,211	14,485,171
-	-	Loss on disposal of property, plant and equipments		-	-
85,685,507	135,078,454	Total Expenditure		105,908,705	61,990,878
(9,420,436)	(9,749,133)	Suplus (deficit) for the year		(20,850,594)	7,125,229

**MAFUBE LOCAL MUNICIPALITY
STATEMENT OF CHANGE IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009**

	Pre-GAMAP Reserves and Funds R	Capital Relacement Reserve R	Capitalisation Reserve R	Government Grant Reserve R	Accumulated Surplus/ (deficit) R	Total R
2009						
Balance at 1 July 2008	10,674,105					10,674,105
Implementation of GAMAP (note 29)	(10,674,105)	8,203,158	2,644,803	173,703,042	22,614,386	196,491,284
Restated balance	-	8,203,158	2,644,803	173,703,042	22,614,386	207,165,389
Surplus/(deficit) for the year					(20,850,594)	(20,850,594)
Transfer to CRR		-			-	
PPE Purchased		(1,481,536)			1,481,536	
Capital grants used to purchase PPE				10,342,000	(10,342,000)	
Assets Disposal				(68,336)	68,336	
Offsetting of Depreciation			(264,480)	(9,198,835)	9,463,315	
Balance at 30 June 2009	-	6,721,622	2,380,323	174,777,871	2,434,979	186,314,795

MAFUBE LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		R	R
Cash flow from operating activities			
Cash receipts from ratepayers, government and other		103,320,647	79,791,217
Cash paid to suppliers and employees		(112,401,527)	(88,607,595)
Cash generated from (utilised in) operations	30	(9,080,880)	(8,816,378)
Interest received		142,467	764,509
Interest paid		(255,618)	(28,529)
NET CASH FROM OPERATING ACTIVITIES		(9,194,031)	(8,080,398)
Purchase of property, plant and equipment		(1,481,536)	(11,706,255)
Purchase of housing infrastructure		-	-
Proceeds on disposal of property, plant and equipment		68,336	-
(Increase)/ Decrease in investment properties		-	-
(Increase)/ Decrease in non current receivables		-	-
(Increase)/ Decrease in non current investments		(49,178)	2,012,250
(Increase)/ Decrease in call investments deposit		(45,910)	8,633,985
NET CASH FROM INVESTING ACTIVITIES		(1,508,288)	(1,060,020)
New loans raised (repaid)		1,926,059	-
(Increase)/ Decrease in consumer deposits		(55,629)	(32,056)
(Increase)/ Decrease in short term loans	27	-	-
NET CASH FROM FINANCING ACTIVITIES		1,870,430	(32,056)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(8,831,889)	(9,172,474)
Cash and cash equivalents at the beginning of the year		(7,988,668)	1,183,806
Cash and cash equivalents at the end of the year	31	(10,319,433)	(7,988,668)

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2009

	2009	2008
1 HOUSING DEVELOPMENT FUND	<u>-</u>	<u>-</u>
2 LONG TERM LIABILITIES		
DBSA Loan	1,926,059	-
Less: Current portion transferred to current liabilities		
DBSA Loan	(134,449)	
Total	<u>1,791,610</u>	<u>-</u>
3 NON-CURRENT PROVISION	<u>-</u>	<u>-</u>
4 CONSUMER DEPOSITS		
Electricity deposit	857,696	805,557
Water deposit	82,531	79,041
Total	<u>940,227</u>	<u>884,598</u>
Guarantees held in lieu of electricity deposits (R0.00)	<u>-</u>	<u>-</u>
5 PROVISIONS		
Bonus provision	<u>-</u>	<u>-</u>

MAFUBE LOCAL MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2009**

	2009	2008
6 CREDITORS		
Trade creditors	11,497,278	15,222,064
Staff Leave	320,021	-
PAYE and UIF	153,374	-
Pension and Medical Aid Deduction	714,218	-
Other creditors	2,768,982	20,742,896
Audit fee	-	1,329,364
Total	15,453,873	37,294,324
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
7.1 Conditional grants from other spheres of government		
MIG Grant (see note 21)	20,221,161	182,000
FMG Grant(see note 21)	233,000	74,000
Total Conditional Grants and Receipts	20,454,161	256,000
8 VAT		
VAT refund due (transferred to debtors)	(853,184)	-
VAT payable	7,594,445	
Total	6,741,261	
VAT payable represent VAT raised (consumer debtors) not yet received. VAT is payable on the receipts basis. Only once payment is received from debtor is VAT paid over to SARS		
9 SHORT TERM LOANS	-	-

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2009

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2009

	Land and Building	Infrastructure	Community	Heritage	Other	Housing Development fund	Total
	R	R	R	R	R	R	R
Carrying value at 1 July 2008	3,584,926	186,549,480	5,288,810	-	1,079,201	1,940,710	198,443,127
Cost	3,704,424	195,876,954	5,817,691		1,295,041	2,134,781	208,828,891
Accumulated depreciation	(119,498)	(9,327,474)	(528,881)	-	(215,840)	(194,071)	(10,385,764)
Cost	(119,498)	(9,327,474)	(528,881)	-	(215,840)	(194,071)	(10,385,764)
Acquisitions	-	10,342,000	-	-	1,481,536	-	11,823,536
Depreciation	(119,498)	(517,100)	(528,881)	-	(296,307)	(194,071)	(1,655,857)
based on cost	(119,498)	(517,100)	(528,881)	-	(296,307)	(194,071)	(1,655,857)
Carrying value of disposals	-	(68,336)	-	-	-	-	(68,336)
Cost / revaluation	-	(75,170)	-	-	-	-	(75,170)
Accumulated depreciation	-	6,834	-	-	-	-	6,834
Carrying value at 30 June 2009	3,465,428	196,442,716	4,759,929	-	782,894	1,746,639	207,197,606
Cost	3,704,424	206,212,120	5,817,691		1,295,041	2,134,781	219,164,057
accumulated depreciation	(238,996)	(9,769,404)	(1,057,762)	-	(512,147)	(388,142)	(11,966,451)
Cost	(238,996)	(9,769,404)	(1,057,762)	-	(512,147)	(388,142)	(11,966,451)

The municipality has taken advantage of the transitional provisions set out in GAMAP 17. The municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been calculated for each category of infrastructure and community assets using global historical costs recorded in the accounting records.

MAFUBE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2009

	2009	2008
11 INVESTMENT PROPERTY	<u>-</u>	<u>-</u>
12 INVESTMENTS		
Unlisted		
VKB: Levies fund	88,547	34,701
VKB: Investment fund	1,017	917
VKB: Interest fund	92,817	97,585
Total Unlisted	<u>182,381</u>	<u>133,203</u>
Financial Instruments		
Fixed Deposit	-	-
Total Cash Investments	<u>-</u>	<u>-</u>
Total Investment	<u>182,381</u>	<u>133,203</u>
Interest fund of R 45 179 has been transferred to levies fund during year ended 30 June 2009		
13 LONG TERM RECEIVABLES		
Housing loan	-	-
	-	-
Less: Current portion transferred to current receivables		
Housing loan	-	-
Total	<u>-</u>	<u>-</u>
14 INVENTORY		
Consumable and Maintenance stores at cost	277,727	734,711
Water	-	-
Total	<u>277,727</u>	<u>734,711</u>

15 CONSUMER DEBTORS

As at 30 June 2009	Gross Balance	Provision for Bad Debts	Net Balance
Service debtors			
Rates	8,025,152	(5,950,386)	2,074,766
Electricity	2,715,728	(2,013,623)	702,105
Water	25,840,322	(19,159,749)	6,680,573
Refuse removal	15,209,454	(11,277,310)	3,932,144
Sewerage	15,638,197	(11,595,209)	4,042,988
Total	<u>67,428,853</u>	<u>(49,996,277)</u>	<u>17,432,576</u>

MAFUBE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2009

	2009	2008
15 CONSUMER DEBTORS (Continued)		
Provision for Bad Debts allocated in ratio basis		
As at 30 June 2008		
Service debtors		
Rates	8,715,820	8,715,820
Electricity	4,182,229	4,182,229
Water	27,177,960	27,177,960
Refuse removal	15,313,110	15,313,110
Sewerage	15,790,922	15,790,922
Total	71,180,041	(17,991,262) 53,188,779
Provision for Bad Debts allocated in ratio basis		
Rates: Ageing		
Current (0 - 30 days)	(2,020,108)	
31 - 60 days	282,838	
61 - 90 days	138,426	
91 - 120 days	1,457,312	
121 days abd over	8,166,684	
Total	8,025,152	
(Electricity, Water, Refuse and Sewerage): Ageing		
Current (0 - 30 days)	(4,230,541)	
31 - 60 days	7,618,483	
61 - 90 days	1,609,736	
91 - 120 days	16,883,368	
121 days over	37,522,655	
Total	59,403,701	
16 OTHER DEBTORS		
Payments made in advance	1,555,781	
VAT	853,184	
Government subsidies	6,295,193	
Total Other Debtors	8,704,158	
17 CALL INVESTMENT DEPOSITS		
Other deposits	130,059	84,149

MAFUBE LOCAL MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2009**

	2009	2008
18 BANK, CASH AND OVERDRAFT BALANCE		
<u>Current Account(Primary Bank Account)</u>		
ABSA - Frankfort branch		
Account number: 4052823517		
Current account (Primary bank account)		
Cash book balance at the beginning of the year	9,457,050	309,651
Cashbook balance at the end of the year	(10,238,846)	9,457,050
Bank statement balance at beginning of the year	711,627	1,053,098
Bank statement balance at the end of the year	(8,369,253)	711,627
<u>Saving Account</u>		
ABSA - Frankfort branch		
Account number: 990111270		
Cash book balance	9,413	1,468,382
Bank statement balance	9,413	1,468,382
19 PROPERTY RATES	6,278,447	4,768,863
20 SERVICE CHARGES		
Sale of electricity	11,364,356	12,299,693
Refuse removal	21,762,329	2,805,857
Sale of water	(11,763,217)	(1,324,867)
Sewerage and sanitation charges	5,703,546	3,079,197
Total Service charges	27,067,014	16,859,880
21 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	37,780,433	29,900,000
Municipal Infrastructure Grant	10,342,000	13,883,000
Municipal Systems Improvement Grant	735,000	734,000
Finance Management Grant	341,000	426,000
Total	49,198,433	44,943,000
MIG Grant		
Balance unspent at beginning	182,000	-
Current year receipts	30,563,161	14,065,000
Conditions met- transferred to revenue	(10,342,000)	(13,883,000)
Conditions still to be met - transferred to liabilities	20,221,161	182,000

MAFUBE LOCAL MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2009**

	2009	2008
21 GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
FMG Grant		
Balance unspent at beginning of year	74,000	-
Current year receipts	500,000	500,000
Conditions met- transferred to revenue	(341,000)	(426,000)
Conditions still to be met - transferred to liabilities	<u>233,000</u>	<u>74,000</u>
MSIG Grant		
Balance unspent at beginning of year	-	-
Current year receipts	735,000	734,000
Conditions met- transferred to revenue	(735,000)	(734,000)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
22 OTHER INCOME		
Other income	910,442	445,415
23 EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	26,648,532	
Employee related costs - contribution to UIF, pension and medical costs	6,393,299	
Travel, vehicle, accommodation, subsistence, and other allowances	1,177,614	
Housing benefits and other allowance	38,789	
Overtime and Acting payments	1,501,160	
Performance bonus	2,085,435	
Other related contribution costs	296,441	
Sub total	38,141,270	30,176,398
Less: Employee costs allocated to property, plant and equipment	-	-
Less: Employee costs included in other expenses	-	-
Total employee related costs	<u>38,141,270</u>	<u>30,176,398</u>
Remuneration of the Municipal Manager		
Annual remuneration	306,480	345,434
Performance Bonuses	-	10,232
Car Allowance	300,000	80,000
Contribution to UIF, Medical and Pension Funds	43,831	16,603
Other	3,495	151,621
Total	<u>653,806</u>	<u>603,890</u>

MAFUBE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

23 EMPLOYEE RELATED COSTS (Continued)

	2009	2008
CHIEF FINANCIAL OFFICER		
Annual remuneration	367,890	336,130
Performance Bonuses	-	24,061
Car Allowance	144,000	81,162
Contribution to UIF, Medical and Pension Funds	1,373	-
Other	3,407	13,166
Total	516,670	454,519

24 REMUNERATION OF COUNCILLORS

Executive Mayor	857,320	478,461
Speaker	671,082	360,880
Councillors	3,348,825	1,822,044
Mayor's Executive members	657,039	379,840
Total	5,534,266	3,041,225

Remuneration of Individual Executive Directors
30 June 2009

	Technical Services	Corporate Services	Community Services
	R	R	R
Annual remuneration	45,247	472,528	472,528
Performance Bonuses	-	-	29,533
Car Allowance	5,875	109,640	102,779
Contribution to UIF, Medical and Pension Funds	6,083	77,175	70,215
Other allowances	5,799	59,426	2,776
Total	63,004	718,769	677,831

30 June 2008

Annual remuneration	-	320,624	320,624
Performance Bonuses	-	29,533	21,220
Car Allowance	-	74,017	74,017
Contribution to UIF, Medical and Pension Funds	-	12,377	12,377
Other	-	41,328	45,751
Total	-	477,879	473,989

25 INTEREST PAID

Long -term Liabilities	-	
Finance leases	-	
Bank Overdraft	(255,618)	(67,352)
Total	(255,618)	(67,352)

MAFUBE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
26 BULK PURCHASES		
Water	-	845,346
Electricity	<u>15,677,991</u>	<u>13,543,216</u>
Total	<u>15,677,991</u>	<u>14,388,562</u>
 27 GRANTS AND SUBSIDIES PAID		
Study bursaries		-
Grants in lieu rates	-	-
Indigent support	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>
 28 GENERAL EXPENSES		
Total Expenses	<u>47,111,211</u>	<u>14,485,171</u>
 29 CHARGES IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of GRAP:		
29.1 Statutory funds		
Balance previously reported: -		
Capital Development Fund		8,023,158
Erven Fund		2,644,803
Trust Fund		<u>6,144</u>
Total		<u>10,674,105</u>
 Implementation of GRAP		
Transferred to Capital Replacement Reserve		8,023,158
Transferred to Capitalisation Reserve		2,644,803
Transferred to Accumulated Surplus/(Deficit) (see 29.8 below)		<u>6,144</u>
Total		<u>10,674,105</u>

29.2 Loans Redeemed and Other Capital Receipts

Balance previously reported: -	173,703,042
Implementation of GRAP	
Transferred to Government Grant Reserve	173,703,042
Total	<u>173,703,042</u>

29.3 Inventory

Balance previously reported	734,711
Implementation of GRAP	
Total	<u>734,711</u>

29.4 Provision and Reserves

Renewal reserves	70,119
Capital reserve Fund	768,227
Total	<u>838,346</u>
Implementation of GRAP	
Transferred to Accumulated Surplus/(Deficit) (see 29.8)	<u>838,346</u>

29.5 Non-Current Provision

Balance previously reported	-
Implementation of GRAP	
Transferred to Accumulated Surplus/(Deficit) (see 29.8 below)	659,898
Long-service	659,898
Total	<u>659,898</u>

MAFUBE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2008
29.6 Property, Plant and Equipment	
Balance previously reported	173,521,132
Implementation of GRAP	
Infrastructure previously not recorded credited to Accumulated surplus/(Deficit) (see 29.7)	24,921,994
Total	198,443,126
29.7 Accumulated Depreciation	
Balance previously reported	-
Implementation of GRAP	
Backlog depreciation: Infrastructure	(2,492,200)
Total (debited to Accumulate Surplus/(Deficit)) (See 29.8 below)	(2,492,200)
29.8 Accumulated Surplus/(Deficit)	
Implementation of GRAP	
Fair Value of Property, Plant and Equipment previously not recorded (see 29.6)	24,921,994
Non-current provision previously not record(see 29.5)	(659,898)
Transfer from Statutory fund	6,144
Transfer from Loan redeemed and other capital receipts (see 29.4)	838,346
Backlog depreciation	(2,492,200)
Total	22,614,386
29.8 Unspent conditional grant received and received	
Balance previously reported	
Implementation of GRAP	
Transferred from Creditors	
Transferred to Housing Development Account (see note 29.1a)	
Transferred from Unutilised Capital Receipts (see note 29.2)	
Transfer unconditional grants to Accumulated Surplus (see note 29.12)	
29.9 Creditors	
Balance previously reported	
Implementation of GRAP	
29.10 Consumer Debtors	
Balance previously reported	
Implementation of GRAP	
Transferred to Creditors - see note 29.9	
29.11 Other Debtors	
Balance previously reported	
Implementation of GRAP	
Current portion of the long term debtors reflected separately	
Transferred to Creditors - see note 29.9	
29.12 Provision	
Balance previously reported	1,329,364
Implementation of GRAP	
Transfer to creditors - see note 6	(1,329,364)
Total	-

With reference to GRAP 3 the opening balances have been restated. The transactions could not be restated as the system could not be changed to rectify transaction in history.

MAFUBE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
30. CASH GENERATED BY OPERATIONS	<u>(9,080,880)</u>	<u>(8,816,378)</u>

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprises the following amounts :

Bank balances and cash	9,413	1,468,382
Bank overdraft	<u>(10,328,846)</u>	<u>(9,457,050)</u>
Total	<u>(10,319,433)</u>	<u>(7,988,668)</u>

32. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT.**32.3 VAT**

Opening balance	-	
Current year output VAT	3,929,263	3,345,564
Current year input VAT	(10,111,294)	(7,849,619)
Amount paid - current year	-	
Amount refunded by SARS - current	<u>5,328,847</u>	
Amount due by SARS - included in debtors	<u>(853,184)</u>	

All VAT returns have been submitted by the due date.

32.4 PAYE and UIF

Opening balance	253,189	
Current year payroll deductions and Council UIF contributions	2,613,710	
Amount paid - current year	<u>(2,713,525)</u>	
Balance unpaid (included in creditors)	<u>153,374</u>	

**MAFUBE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R
32.5 Pension and medical aid deductions		
Opening balance	541,855	
Current year payroll deductions and Council contributions	7,699,481	
Amount paid - current year	(7,527,118)	
Balance unpaid (included in creditors)	714,218	
32.6 Councillors arrear consumer accounts		
The following Councillors had arrear accounts outstanding for more than 90 days as at:		
30-Jun-2008	Outstanding less than 90 days	Outstanding less than 90 days
Cllr		
Cllr		
Cllr		
30-Jun-2009	Outstanding less than 90 days	Outstanding less than 90 days
Cllr		
Cllr		
Cllr		
33 CORRECTION OF ERROR		
On the reporting year ended 30 June 2008 the below item were reported incorrectly		
The comparative amounts has been restated as follows:-		
Corrections are as follows:-		
Call Investment Deposit		84,149
Bank Overdraft		(9,457,050)
Unspent conditional grants and receipts		256,000
Investment		133,203
Long-term liabilities		-
Bank Balances and Cash		1,468,382
Current portion of long term debt		-
Total		(7,515,316)

APPENDIX A
MAFUBE LOCAL MUNICIPALITY SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance as at 2008/06/30	Received during the year	Redeemed written off during the period	Balance at 2009/06/30	Carrying value of property, plant & equipment	Other costs in accordance with the MFMA
LONG-TERM LOAN Infrastructure programme@ 5%	25744	31/12/2018	R -	R 1,865,013	R -	R 1,926,059	R -	R -
TOTAL			-	1,865,013	-	1,926,059	-	-

APPENDIX B

MAFUBE LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

Description	Cost/ Revaluation							Accumulated Depreciation				Carrying	Budget
	Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Value R	Additions 2009 R		
Land													
Air conditioners													
Professional fees													
Security measures													
Buildings													
Air conditioners													
Construction works													
Electricity reticulation													
Water reticulation													
Robots													
Streetlights													
Furniture													
Office machines													
Tools													
Machinery													
Vehicles and equipment													
Radios													
Museum exhibits													
Total													

APPENDIX C

MAFUBE LOCAL MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost/ Revaluation					Accumulated Depreciation			
	Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R
Executive and Council									
Finance and Admin									
Planning and Development									
Health									
Community and Social Services									
Housing									
Public Safety									
Sport and Recreation									
Environmental Protection									
Waste Management									
Road Transport									
Electricity									
Other									
Total									

APPENDIX D

MAFUBE LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R

Executive and Council
Finance and Admin
Planning and Development
Health
Community and Social Services
Housing
Public Safety
Sport and Recreation
Environmental Protection
Waste Management
Road Transport
Electricity
Other
Sub-total

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R

Less: Inter-departmental charges

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APPENDIX E (1)

MAFUBE LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actuals	2009 Budget	2009 Variance	2009 Variance	
	R	R	R	%	Explanation of significant variances
REVENUE					
Property Rates	4,186,509	3,926,000	260,509	7	
Property rates - penalties imposed and collection charges	2,091,938	-	2,091,938	100	
Service Charges	27,067,014	27,870,444	(803,430)	-3	
Rental of facilities and equipment	1,160,235	471,500	688,735	146	
Interest earned - external investments	96,088	600,000	(503,912)	-84	
Interest earned - outstanding debtors	90,117	-	90,117	100	
Fines	140,772	140,000	772	1	
Licences and permits	116,563	-	116,563	100	
Income for agency services	-	-	-		
Government grants and subsidies	49,198,433	50,051,469	(853,036)	-2	
Other income	910,442	42,269,908	(41,359,466)	-98	
Public contributions, donated and contributed property,	-	-	-		
plant and equipment	-	-			
Gain on disposal of property, plant and equipment					
Total Revenue	85,058,111	125,329,321	(40,271,210)	267	

APPENDIX E (1) - (Continued)

EXPENDITURE					
Employee related costs	32,607,004	37,272,122	(4,665,118)	-14	
Remuneration of Councillors	5,534,266	3,709,654	1,824,612	33	
Bad debts	-	-	-		
Collection costs	-	-	-		
Depreciation	9,739,600	-	9,739,600	100	
Repairs and maintenance	3,066,758	3,322,000	(255,242)	-8	
Interest paid	255,618	-	255,618	100	
Bulk purchases	15,677,991	30,960,000	(15,282,009)	-97	
Contracted services	-	24,137,000	(24,137,000)	100	
General expenses	47,111,211	35,677,678	11,433,533	24	
Loss on disposal of property, plant and equipment					
Total Expenditure	113,992,448	135,078,454	(21,086,006)	237	
Surplus (Deficit) for the year	(28,934,337)	(9,749,133)	(19,185,204)	30	

APPENDIX E (2)

MAFUBE LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY,PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actuals	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	
INFRASTRUCTURE	R	R	R	R	R	%	Explanation of significant variances
Construction works							
Buildings							
Street lights							
Professional fees							
COMMUNITY ASSETS							
Buildings							
Furniture							
Construction works							
Tools							
HERITAGE ASSETS							
HOUSING RENTAL STOCK							
LEASED ASSETS							
OTHER ASSETS							
Office and accounting machines							
Tools							
Furniture and fittings							
Radios							
Machinery							
Buildings							
Air conditioners							
Security measures							
Vehicles							

Chapter 9:

Performance Report

The 2008/2009 Annual Performance Information as contained herein reflects on the performance of the Mafube Local Municipality for the period of 01 July 2008 to 30 June 2009.

This Annual Performance Report is prepared in terms of section 121(1) of the MFMA, in terms of which the municipality must prepare for each financial year.

In terms of Powers and Functions, the Free State Province MEC for Local Government and Housing in consultation with the Minister of Provincial and Local Government have gazetted authorizations to the Municipality to perform certain powers and functions.

The process is informed by the constitutional mandate of local government to perform certain functions and such process is important for the preparation of municipal IDPs as it outlines the core powers, functions and expected performance of local government. ***In terms of the Government Notice issues during June 2003, Mafube Local Municipality is expected to perform the following powers and functions:***

- | Electricity and gas reticulation
- | Fire-Fighting services
- | Local Tourism
- | Municipal Airports
- | Municipal Planning, Building Regulations
- | Municipal Public Works
- | Water and Sanitation (Potable water supply, systems, Domestic waste water and Sewerage disposal systems)
- | Cemeteries, funeral parlours and crematoria
- | Markets
- | Municipal abattoirs
- | Municipal Roads and Refuse Removal, Refuse Dumps and Solid Waste Disposal

Municipal Key IDP Programmes and Performance Highlights

KEY PERFORMANCE AREA (KPA): INFRASTRUCTURE						
STRATEGIC OBJECTIVE: The municipality has committed itself to ensure that the infrastructural backlog is addressed and communities are provided with clean water, bucket system is eradicated, Streets and Stormwater drainage are upgraded, all houses are electrified, disposal waste is managed effectively to avoid health hazards, cemeteries are provided, cleaned and fenced”.						
Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets Achieved 1st and 2nd			
			1st	2nd	3 rd	4th
Provide Sanitation	• Number of households provided with toilets (water borne system)	100%	0	0		
		100%	20%	0		
	• New extension (Aberdeen) for 2105 sites.	100%	0	30%		
	Only 948 sites are pegged.	100%	daily	daily		
	• Upgrading of Seagal Street pumpstation.					
Provide Electricity	• Daily complaints					
	• Number of households provided with house connections	90%	22,5%	22,5%		
		90%	22,5%	22,5%		
	• Number of households provided with free basic electricity	100%	0	0		
		100%	25%	25%		
	• No. of new High Mast Lights erected(2 for Frankfort)	100%	daily	daily		
	• Maintenance of street lights					
	• Daily complaints					

KEY PERFORMANCE AREA (KPA): INFRASTRUCTURE (CONTINUE.....)						
STRATEGIC OBJECTIVE The municipality has committed itself to ensure that the infrastructural backlog is addressed and communities are provided with clean water, on of bucket system is eradicated, Streets and Stormwater drainage are upgraded, all houses are electrified, disposal waste is managed effectively to avoid health hazards, cemeteries are provided, cleaned and fenced”.						
Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets Achieved			
			1st	2nd	3rd	4th
Maintenance and Upgrade Roads	• Km of roads upgraded and maintained gravel	80%	20%	20%		
	• Km paved	0	0	0		
	• New km tarred	5,5 km	0	0		
	• Development of a Pavement Management System Policy	100%	0	0		
Provide Storm Water Management	• Compile a Storm Water Management Plan • Develop an Integrated Traffic Plan	100%	0	0		
Provide Water	• Number of Households provided with basic water (Communal taps for new extensions)	90%	0	0		
		100%	0	0		
	• Review of Water Services Development Plan (WSDP)	100%	Daily	Completed		
	• New purification plant at Frankfort	100%	0	daily		
	• Daily complaints.	80%	daily	0		
	• There is a need for 2 LDV's and staff shortage need to be addressed at the maintenance section.			daily		
	• Replacement of water meters					

KEY PERFORMANCE AREA (KPA): INFRASTRUCTURE (CONTINUE.....)						
STRATEGIC OBJECTIVE The municipality has committed itself to ensure that the infrastructural backlog is addressed and communities are provided with clean water, on of bucket system is eradicated, Streets and Stormwater drainage are upgraded, all houses are electrified, disposal waste is managed effectively to avoid health hazards, cemeteries are provided, cleaned and fenced”.						
Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets Achieved			
			1st	2nd	3rd	4th
Provide the Project Management Assistance in Implementation of all projects	<ul style="list-style-type: none"> Implementation of 2003 Micro Software Project Management Attend all MIG meetings Control and monitor all Projects – financial cash flows and progress reports Compile Business Plan to access funding from various funders Compile and submit closed out reports for all MIG funded projects 	100% 100% 100% 100% 100%	25% 25% 25% 25% 25%	25% 420 sites communal taps@ new extension 25%		
Promotion of stakeholder participation	<ul style="list-style-type: none"> Establish Technical Forums <ul style="list-style-type: none"> Energy Forum Water Forum Roads and storm water No. of Meetings with different stakeholders 	100% 6 meetings	25% 3 meetings	25% 3 meetings		
Invest in Infrastructure	<ul style="list-style-type: none"> % of capital budget actually spent on capital projects % of operational budget spent on maintenance % of bids awarded to BEE Report on number of jobs created through LED initiatives including capital projects 	100% 100% 70% 100%	25% 25% 17,5% 25%	25% 25% 17,5% 25%		
Enhance Customer Service	<ul style="list-style-type: none"> Conduct Customer Service Survey and report to Municipal Manager 	100%	25%	25%		

Mafube Local Municipality

Project Description	EPWP Y/N	Project Value	MIG Value	Planned date: Project to be completed	Total Planned Expenditure for 2008/2009	Planned MIG Expenditure for 2009/2010
PMU 2008/2009	N	566,000.00	566,000.00	0	0	0
Qalabotjha: Roads and Stormwater	Y	3,999,000.00	3,000,000.00	28/02/2009	3,000,000.00	0
Tweeling (Mafahleng): Eradication of 489 buckets	Y	2,971,661.00	2,971,661.00	7/31/2009	0	0
Qalabotjha: Water Reticulation	N	3,900,000.00	3,900,000.00	31/01/2009	1,500,000.00	2,400,000.00
Namahadi Extension: Water Reticulation Network	Y	3,424,000.00	3,424,000.00	31/01/2009	900,570.19	2,523,429.81
Upgrade Segalstreet Pump Station	N	3,214,000.00	3,214,000.00	31/01/2009	3,214,000.00	0
Villiers: Water Purification plant	N	13,224,000.00	13,224,000.00	31/01/2009	0	6,500,000.00
Mafube: Sewer reticulation & toilet Structures - New Extensions	Y	4,324,000.00	4,324,000.00	2/28/2010	0	2,300,000.00
Mafube: Upgrade sewer ponds/plants	N	6,567,727.00	6,567,727.00	2/28/2011	0	0
Retention 2007/08		0	0	0	500,000.00	0
Namahadi: Roads and stormwater upgrade	Y	4,600,000.00	4,600,000.00	2/28/2011	0	1,500,000.00
PMU 2009/2010						741,000.00
PMU 2010/2011						
Total		6,790,388.00	45,791,388.00			

KEY PERFORMANCE AREA (KPA): INSTITUTIONAL DEVELOPMENT					
STRATEGIC OBJECTIVE					
<p>The municipality will ensure effective functioning of all municipal offices and the make sure that all personnel is integrated in the system with one conditions of employment and will integrate all municipal assets to great one asset register and operational systems, policies, procedures and By-Laws and implement any legislation affecting local governance.</p>					
Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets		Actual Performed %
			1 st & 2 nd	3 rd & 4 th	
Increase Organizational Efficiency	Performance management system is reviewed and implemented	100%	25%	25%	50% Achieved based on the following : A service provider was appointed to compile a PMS. A strategic workshop was held to develop Departmental business plans. Performance agreements were compiled and SDBIP were developed per department. A review session was held for the first and the second quarter.
	Training external and internal	80%	20%	20%	40% Achieved, 2 employees attended CPMD 19, VIP leave management was attended by 2 employees, SCM training DBSA 5 employees, Housing policy workshop 5 people, 2 employees for Fixed Assets Management, Induction workshop Cornelia 39 employees, Tweeling 26, Villiers 66 and 32 Frankfort and 5 employees attended Health and Safety training.
Corporate Support	Property Management	80%	20%	20%	20% Lease agreements for the town lands were signed for all units. A list of property has been compiled. A post of Property and Ground maintenance officer to be advertised. The remaining 60% will be achieved as follows: 30% in the third quarter and another 30% in the last quarter. This will include land audit and proof of title for all immovable properties.
	Incoming post	80%	20%	20%	60% All incoming posts are properly recorded, distributed to HOD's and filed in relevant file number. The register for all incoming posts is updated on continuous basis.
	Outgoing post	80%	20%	20%	60%. All out going posts is recorded in a register and a copy in a file.
	Faxes received and sent	80%	20%	20%	60%. The same with faxes received, are properly filed and distributed to HODs
	Legal and Administration	80%	20%	20%	20%. Division not fully established, however the functions are still performed in full. 2 legal cases against council are attended by external attorneys. The cases are as follows: Agri-Trans / Mafube council represented by Podbielsky Attorneys a sewer case. Muller (Villiers)/ Mafube council represented by Nkaiseng Attorneys on an electrical case. Post for Chief Legal and Administration to be advertised in February 2009.
	Council	80%	20%	20%	60%. Three Exco, three Council, and one Special council

	Administration				meetings were held. In all meetings agenda was submitted to all councilors in time. Minutes are properly kept and distributed among all role players. List of Council meetings for 2009 has been developed.
Institutional development	Organisational audit in terms of legislative compliance	80%	20%	20%	40%. Organogram was reviewed and adopted. Placement and filling of vacancies was done.
	Development of by-laws	80%	20%	20%	40%. A service provider was appointed to develop bylaws. 19 bylaws in a form of draft were compiled, consultation process and publication to be done in February 2009
Effective human resource management	Personnel administration	80%	20%	20%	60%. Leave management, pension and other benefits are done. 7 employees were assisted for claiming their retirement pension benefits and they are: J Ramolala, M.K Tshabalala, C. Mahlatsi, S.E Kunene, F.S Gwebu, J.L Janse Van Vuuren and G.M Potgieter. Deceased employees assisted to claim benefits on behalf of their beneficiaries are: J.M Maboya and K.J Mofokeng. Induction manuals were distributed and workshop held.
Transformation, change and performance management	Personnel maintenance, training, selection, recruitment, labour relations, change and performance management	80%	20%	20%	40%. Recruitment and selection internally and externally is done according the policy.. Training of staff is done.

KEY PERFORMANCE AREA (KPA): PEOPLE DEVELOPMENT			
STRATEGIC OBJECTIVE			
The municipality committed itself to comply with regulations in terms of the Environment Conversation Act and making its environment pleasant and healthy for its community and the future residents area, provide and facilitate sufficient care for the aged, frail and disabled, pay points pensions, provision of adequate health care, education facilities, promotion of arts and culture, youth women and children and prepared them to be part of economic mainstream.			
KEY PERFORMANCE INDICATORS (KPI's)	TARGET	QUARTERTLY TARGETS	
		1 st & 2nd	3 rd & 4th
Develop skill development plan	100%		
Conduct Skill Audit	100%		
Restructuring and Employment of skilled staff	100%		
Develop Performance Management System (PMS)	100%		
Develop Human Resources Development Strategy and uniform Human Resources Development Policies and Procedures	100%		
Implement Employment Equity Act and Develop Employment Equity policy	100%		

KEY PERFORMANCE AREA (KPA): LAND AND HOUSING						
STRATEGIC OBJECTIVE Municipality has committed itself to coordinate the process of housing delivery and development, through provision of land for economic activities, commercial, residential development and ensure that land reform is sustainable.						
Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets Achieved			
			1st	2nd	3rd	4th
Housing	Low Cost Housing	100%	Planned = 25%	98% completed		
	Low cost Housing	500 Villiers 150 Cornelia & Tweeling	None None	None None		
	Medium Cost Housing	400 Frankfort 200 Villiers	Planned for 25% Planned for 25%	Planned for 25% Planned for 25%		
	High Cost Housing	50 Cornelia & Tweeling 130 Frankfort	None Planned for 25%	None Planned for 25%		
Addressing Housing Backlog	Provision of residential sites to create sustainable Human Settlement	1 000 sites (Were allocate in Phase 1)	250	250	250	250
Coordinating allocation of Low Cost Houses	Ensuring that Low Cost Houses are build in Mafube	1 000 1 100 subsidies were allocate in Mafube	250	250	250	250
Development Planning	Town Planning	100 Villiers	Planned for 25%	Planned for 25%		
	Town Planning (Preparation of Land Use Policy)	100%	Planned for 25%	Planned for 25%		To be advertised
	Town Planning (Review of Spatial Development Framework and Outdoor Advertising Sign Documents)	100%	Done 25%	Planned for 25%		
	Town Planning (Preparation of Housing Strategy and the Review of Housing Sector Plan)	100%	Planned 25%	Planned 25%		To be advertised

KEY PERFORMANCE AREA (KPA): LAND AND HOUSING (Continue...)	
CHALLENGES	RECOMMENDATIONS
Poor Monitoring and Performance of Building Contractors	No transport and Working equipments for Department
Unavailability of Land	Speeding up the process of the required policy(Land Audit)
Formula for Building Tariffs	Amendment of Building Tariffs (the formula to determine the payments must be a rate per square meter not per room. That formula must be subject to escalation informed by inflation. Therefore the Building Inspector, Town Planner and the Chief Financial Officer must work on the building tariffs.
Lack of filling system for the Department	Provision of filling system
Unregistered Architects	All Architects must subscribe under the Council of Architects as instructed by Clause 3 of NBR (Act No 103 of 1977)
Unavailability of S.G Plans and Maps	All relevant Consultants must do corrections
Poor relations with Consultants	Poor payment system by the Municipality
Involvement of unnecessary officers in plan approvals	Only Technical offices must be involved in the process
Freezing of proposals and projects without clear explanations	Proposals must be evaluated correctly towards approval
Unavailability of working equipments	Provision of working equipment
Poor communication channel in the Municipality	Advance Communication channel in the Municipality
Unavailability of Internet in Namahadi office	Installation of Internet system in Namahadi office

KEY PERFORMANCE AREA (KPA): SOCIAL AND COMMUNITY SERVICES							
STRATEGIC OBJECTIVE							
Effective service delivery on community and municipal services							
KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	1 ST & 2 ND QUARTER		3 RD & 4 TH QUARTER		REASON
			DONE	ACTUAL PLAN	DONE	ACTUAL PLAN	
Waste Management	Waste disposal, illegal dumping & street cleaning	80%	20%	30%	20%	10%	<ul style="list-style-type: none"> Through assistance of volunteers appointed and paid by province cleaning campaign was done successfully in all four towns the assistance of the Fezile Dabi District Municipality we managed to acquire services of KV3 in drafting the Waste Management Plan for our Municipality <p>Waste disposals, illegal dumping and street cleaning.</p> <p>Namahadi illegal dumping sites are cleaned three times a month</p> <p>Tweeling and Cornelia illegal dumping sites are cleaned weekly</p> <p>Qalabotjha illegal dumping sites are cleaned twice a month.</p>

Mafube Local Municipality

KEY PERFORMANCE AREA (KPA): SOCIAL AND COMMUNITY SERVICES (Continue...)							
STRATEGIC OBJECTIVE							
Effective service delivery on community and municipal services							
KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	1 ST & 2 ND QUARTER		3 RD & 4 TH QUARTER		REASON
			DONE	ACTUAL PLAN	DONE	ACTUAL PLAN	
Cemeteries	Capital Programmes	80%	20%	20%	20%	10%	<ul style="list-style-type: none"> Fencing is earmarked for all cemeteries in Mafube. Due to cash flow problem is earmarked to be implemented in the 3rd quarter. Trees were also planted at Namahadi cemetery. We managed to cut grass Temporary workers were hired for cleaning and cutting of grass.
Parks & Recreation	Plant & Equipments	80%	20%	40%	20%	20%	<ul style="list-style-type: none"> Four tractors and other equipments were bought and flowers were planted at Frankfort. 10 Brush cutters were purchased
Refuse	Landfill	80%	20%	10%	20%	0%	<ul style="list-style-type: none"> Due to equipment only one bell is used for landfill and will be covered in 3rd & 4 quarter.
Community facilities	Ground sale	80%	20%		20%		<ul style="list-style-type: none"> Under town planning.
General expenditure	Valuation	80%	20%		20%		Under town planning.
Library	Library services	80%	20%	40%	20%	10%	Internet was installed at Cornelia & Tweeling library. Photocopy machines were also installed. Statistics also increased in all four towns.
Protection services	Traffic services disaster management fire brigade	80%	20%	15%	20%	10%	Traffic signs were installed at Villiers and streets were painted at Frankfort & Villiers.
Auction kraals		80%	20%	30%	20%	0%	Auction kraals at Frankfort were upgraded.

KEY PERFORMANCE AREA (KPA): SOCIAL AND COMMUNITY SERVICES (TRAFFIC DIVISION)			
STRATEGIC OBJECTIVE: Increase visibility of traffic policing, Ensure a safe and secure environment, Public safety awareness, Tools and equipment for traffic, Speed apparatus & Office equipments.			
KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	TARGETS ACHIEVED	
		ACTIVITY	TIMEFRAME
Law Enforcement and Safe Environment.	Increase safety measures eg. Speed measures and alcohol tests.		Continuously
Public Safety	Joint Meetings: Held meetings together with the SAPS, Provincial Inspectors at schools.	Joint Operations together with SAPS, Provincial Inspectors on March, April & May 2009 was a success.	Twice a year
		Held joint meetings with SAPS and Provincial Inspector every Tuesday of the Month	
		Continuous visitation of school patrols	Continuous
		Awareness campaign was held Poelano School for fire assistance from Province together with Emergency Fire Learners	
Tools and equipment for traffic	Cars and cars radios for communication with Mafube radios (accident and road block).		
Speed Apparatus	To purchase Camera for speed apparatus for speed measures.		December 2009.
Office Equipment.	For administration		
Capacity Building	Training	Aarto Project Training Session was attended by staff at Sasolburg	
Roads , Marking & Signages.	Visibility	<ul style="list-style-type: none"> Cars to be brought and be visible and install blue lamb and they must have sarine. All streets lanes at Qalabotjha, Villiers, Namahadi and Frankfort are marked and boards installed and street names are visible. Prohibited signs for heavy M/ Vehicles parked at Qalabotjha/ Villiers not yet attended. Quotations stack at Finance to purchase. Road markings installed at all four towns: Frankfort: Five (5) roads were marked and 25 signs were installed. Villiers: Two (2) roads were marked and One (1) De Beer street is installed. Tweeling: 10th street Five stop signs were installed and marked. Cornelia: One (1) road is marked and Two (2) stop sign were installed. 	

KEY PERFORMANCE AREA (KPA): SOCIAL AND COMMUNITY SERVICES (SPORTS AND RECREATION)							
STRATEGIC OBJECTIVE							
KPA	KPI	ANNUAL TARGET	QUARTERLY TARGETS				PERFORMANCE Explanations
			1st	2nd	3rd	4th	

Mafube Local Municipality

Mafube Sports Council	Formulate an inclusive body	100%	0%	0%	50%	50%	
Arts and Culture Council	Formulate a body that will represent interest of arts and culture groups						Still compiling Database of groups
Hold Competition	Mass Participation events were held. Events such as: OR Tambo Games, Boxing, Wilge Marathon and Employees Tournament were held	100%	25%	25%	15%	25%	Mayoral Cup and Arts and Culture Festival was not held because of funding
Upgrading of Facilities	Application was made to the Lottery and MIG	100%	25%	25%	25%	25%	Cornelia is not included because is benefiting from legacy projects
Supply of Furniture	Office Equipment and Office Furniture	100%	25%	25%	25%	25%	None
Maintenance of Sports Field	Sports Field were graded during April	100%	25%	25%	25%	25%	None

KEY PERFORMANCE AREA (KPA): ECONOMIC GROWTH AND JOB CREATION

STRATEGIC OBJECTIVE

The municipality will strive to promote economic development through reducing the unemployment rate through employing the following factors of production effectively, that is land, labour, entrepreneurship, promotion of tourism, local economic development, smmes, involvement of youth, women, disable people, promoting of small scale farming, and facilitation of business centres, industries and partner with mining houses”

KEY PERFORMANCE INDICATORS (KPI's)	TARGET	ACTUAL
Promotion of Local Economic Development & Marketing of municipality	100%	
Review of LED Strategy and host Local Economic Development Summit	100%	
Host Women and Youth Summit	100%	
Promotion of Tourism Development	100%	
Promotion of small, medium and micro enterprises	100%	
Facilitation of donor funding for LED/SMME projects	100%	
Promotion of Agricultural, Commercial, Industrial & Retail Development	100%	

Promotion of Commonage and Small-Scale Farming	100%	
Forging partnership with Mining Houses for joint service delivery fast tracking.	100%	
Creation of Business Unit LED & Planning and Employment of Staff	100%	
Building Plans approved	100%	
Jobs Created	100%	

FINANCIAL SERVICES QUARTELY PERFORMANCE PROJECTIONS AND ACTUALS FOR THE SDBIP OF 2008/2009									
			PROJECTIONS				ACTUALS		
STRATEGIC OBJECTIVE (KPA)	MEASURABLE OBJECTIVE (KPI)	ANNUAL TARGET	1ST Q	2ND Q	3RD Q	4TH Q	PERFORMANCE		Explanations
MFMA	Financial Management Reforms (MFMA Implementation Progress)	100%	25%	25%	25%	25%	1ST Q	25%	
							2ND Q	25%	
							3RD Q	25%	
							4TH Q	25%	
	Financial System Change (Changing the financial System from ABAKUS to E-venus)	100%	25%	20%	30%	55%	1ST Q	10%	Only two meetings were held in the first Quarter and one in the second
							2ND Q	5%	
							3RD Q	15%	Implementation of the System roll out plan
							4TH Q	70%	Full scale system implantation & training.
Financial Accounting	Compile Annual Financial Statements 06/07	30/08/2008	30/08/2008				1ST Q	05/09/2008	Approved Financial Statements.
	Compile Annual Financial Statements 07/08	31/01/2009			31/01/2009		3 RD Q	16/02/2009	Approved Financial Statements
Financial Reporting	Audit Queries (04/05 & 05/06)	Management Responses	30/09/2008				1st Q	30/09/2008	
	Auditor General Report (04/05 & 05/06)	Answers to Management Letter	30/09/2008				1st Q	30/09/2008	
	Correction Journals for Misallocation	Weekly	Weekly	Weekly	Weekly	Weekly		Weekly	
	Implementation of GAMAP/GRAP	50%	20%	15%	10%	40%	1ST Q	0%	This process is linked to the financial system change.
							2ND Q	0%	
		Alignment of Chart of Accounts					3RD Q	35%	
							4TH Q	15%	
	Finance Related Policies: Credit Card, Budget and Bursary Policy to be	80%	20%	15%	20%	15%	1ST Q	40%	Other finance related policies still needs to be reviewed.

Mafulbe Local Municipality

	Developed.								
							2ND Q	0%	Awaiting Council Approval.
							3RD Q	20%	Budget Related Policies Developed.
							4TH Q	5%	Review of other Policies.
	Investment Reconciliation	Monthly	Monthly	Monthly	Monthly	Monthly		Monthly	
Cost, Capital & Management	Review of established Treasury & Budget Office	Restructuring process						In-progress	Still to be finalized.
Accounting	Draft Adjustment Budget 08/09	31/12/2008		31/12/2008			1ST Q	30/09/2008	To give effect to Eskom Tariff Increase.
	Draft new budget action plan 09/10	31/08/2008	31/08/2008				1ST Q	30/09/2008	Presented to Council.
	Evaluated daily income and expenditure	Daily	Daily	Daily	Daily	Daily		Daily	
	Submit new budget to council 09/10	31/03/2009			31/03/2009				
	Section 71 monthly financial reports submitted to the Mayor	Monthly	Monthly	Monthly	Monthly	Monthly		Monthly	Has been submitted late in some months, due to the current financial system challenges.
Budgeting & Budget Control	Compile municipal budget document aligned to IDP submitted to council.	Dec 08 to May 09				31/05/2009	4 th Q	29/05/2009	Presented & Approved by Council.
	Compile Revised Budget	25/01/2008			25/01/2009			3 rd Q	Submitted & Approved by Council.
	Report on Budget performance	Monthly	Monthly	Monthly	Monthly	Monthly		Not yet Implemented	Will be implemented with the new system.
Cash flow Management	Monthly cash flow projections inputs from Directors	Monthly	Monthly	Monthly	Monthly	Monthly		Not yet Implemented	Will be implemented with the new system.
	Monthly cash flow variance reports per department	Monthly	Monthly	Monthly	Monthly	Monthly		Not yet Implement	Will be implemented with the new system.
	Control of cash flow	Daily	Daily	Daily	Daily	Daily		Daily	
	Controlled Expenditure on MIG projects & submitted reports to DPLG.	Monthly	Monthly	Monthly	Monthly	Monthly		Monthly	
Financial Management Grant	Financial Grant Implemented: Payment of Interns salaries, Travelling and accommodation and training costs.	R500 000	R12 500	R12 500	R12 500	R12 500			
	Interns Capacited (PDP's Developed)	On-going							
Compensation of Employees	Processed salaries on financial system & payroll system.	Monthly	Monthly	Monthly	Monthly	Monthly		Monthly	Has been done, with a series of queries, which we have looked at. And are planning to minimize & eventual eliminate in the new financial year.
Supply Chain	Revised current Supply Chain policy	31/10/2008		In-progress	31/01/2009			Not yet	Will be finalized in the new financial

Mafube Local Municipality

Management	submitted to council							done.	year.
	Asset register updated and compiled (current purchases)	100%	25%	25%	25%	25%		0%	Still to finalize the tender processes.
	Established supply chain committees	30/08/2008	30/08/2008				1ST Q	30/08/2008	
	Updated database for service providers	100%	50%	50%				100%	
	No. Filled vacant post, officers, clerks	100%	50%	50%	20%		1ST Q	50%	Still number of post not filled.
	Number of in-house trained officials	2 X in house training workshops			28/02/2009				
	Number of externally trained officials	2 X externally trained				30/06/2009			
Submission of reports	Weekly reports to be compiled	Monthly	Friday	Friday	Friday	Friday		Friday	
	Compiled monthly, quartely & annual report to the MM & Treasury	Monthly	Monthly	Monthly	Monthly	Monthly		Monthly	
Asset Registration Management	Updated asset register report	Quartely	Quartely	Quartely	Quartely	Quartely		Not yet done	
(Submission of requisition books)								Not yet done	
Fixed Asset Management System	Recorded condition & value of fixed assets	100%	25%	25%	25%	25%		100%	For the current financial year.
Debt & revenue management	Accurate and optimum revenue collected	Weekly	Weekly	Weekly	Weekly	Weekly			Done but not to the optimum.
Rates Administration	Rates policy developed	To be reviewed		1/11/2008					Was submitted to Council.
	Optimum revenue collected	60%	15%	15%	15%	15%		30%	
Collection & Management of revenue	Purified debtor data base & minimum debts in arrear	50%	10%	10%	20%	10%		20%	Done only in Villiers.
Managing of Debts & collection of arrears	Letters of demand sent cutting-off services hand-over to attorneys	Monthly	Monthly	Monthly	Monthly	Monthly		Monthly	
Registering of Indigents	Number of indigents registered and updated	80%	20%	20%	20%	20%	1ST Q	Not yet done	Still need to have a Indigent Register Campaign.

MUNICIPAL MANAGER'S OFFICE					
STRATEGIC OBJECTIVE					
Overall municipal administration, finance and management					
Key Performance Area (KPA)	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets		Actual Performed %
			1 st & 2 nd	3 rd & 4 th	
Financially sustainable municipality	Reduced expenditure and costs	100%			
	Capital spending versus Budget	100%			
	Unauthorised expenditure items	100%			
	Creditors payment	100%			
	Increase in creditors	100%			
	Increased Revenue	100%			
	Revenue received from grants against budget	100%			
	Outstanding debtors collected	100%			
	Increase in rates and taxes on debtors	100%			
	Revenue received from grants against budget	100%			
Increased service delivery	Infrastructure Development (Backlog to be reduced)	100%			
	Water	100%			
	Sanitation	100%			
	Electricity	100%			
	Waste Management and Disposal	100%			
	Roads	100%			
	Street and Stormwater Drainage	100%			
Economic Development & Planning	Economic Development, IDP and Implementation	100%			
	Integrated Development Planning (IDP)	100%			
	Local Economic Development	100%			
	Tourism Development	100%			
	Projects Approved	100%			
Effective functioning of administration	Management and Personnel Administration	100%			
	Council decisions implemented	100%			
	Staff turnover	100%			
	Disciplinary actions	100%			
	Reports to National and Provincial Government	100%			